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E.O. 11652: GDS

TAGS : ET RD , EE WT , UR

SUBJECT: OPERATIONS OF STATE COMMITTEE FOR FOREIGN ECONOMIC  
RELATIONS (GKES)

1. DURING MEETING NOVEMBER 26 WITH VISITING SENATE FOREIGN RELATIONS COMMITTEE STAFFER GILMORE AND COMMERCIAL ATTACHE, DEPUTY CHAIRMAN OF STATE COMMITTEE FOR FOREIGN ECONOMIC RELATIONS(GKES) I.A.

KUL'YEV PROVIDED SOME INFORMATION ON ACTIVITIES OF GKE'S.

2, ACCORDING TO KUL'YEV, ON VOLUME BASIS, GKES DOES 61

PERCENT OF ITS BUSINESS WITH DEVELOPING COUNTRIES, 36 PERCENT WITH OTHER "SOCIALIST" COUNTRIES," AND THE REMAINING 3 PERCENT WITH WESTERN COUNTRIES. HE NOTED, HOWEVER, THAT CONTACTS BETWEEN GKES AND WESTERN COUNTRIES ARE VERY RECENT DEVELOPMENT AND INDICATED THAT HE EXPECTED WESTERN COUNTRIES TO PLAY LARGER ROLE IN GKES OPERATIONS IN FUTURE.

3. ALTHOUGH IN PAST GKES HAS EXTENDED BOTH GOVERNMENT AND COMMERCIAL CREDITS TO EASTERN EUROPEAN AND OTHER "SOCIALIST" COUNTRIES, BULK OF PROJECTS WHICH GKES AND ITS SUBORDINATE FOREIGN TRADE ORGANIZATIONS WILL CARRY OUT IN THESE COUNTRIES IN THE FUTURE WILL BE TRANSACTED ON COMMERCIAL BASIS THROUGH CLEARING ARRANGEMENTS WHICH USSR HAS WITH EACH COUNTRY. KUL'YEV NOTED THAT IN IMMEDIATE POST-1949 PERIOD, GKES HAS EXTENDED "VERY LARGE" CREDITS TO PRC, ALL OF WHICH HAD NOW BEEN REPAID.

4. KUL'YEV CLAIMED THAT GKES WAS GOING TO PLAY IMPORTANT ROLE IN MAJOR PROJECTS WHICH SOVIET UNION PLANS TO UNDERTAKE WITH WESTERN COUNTRIES OUTSIDE USSR. AS EXAMPLES, HE SAID THAT GKES HAD PRIMARY RESPONSIBILITY FOR IRAN-USSR-FRG GAS DEAL AND FOR KALININGRAD NUCLEAR POWER STATION WHICH IS UNDER DISCUSSION WITH FRG. AS REGARDS FORMER, KUL'YEV SAID ALL POINTS HAD BEEN AGREED AND FINAL CONTRACTS WOULD BE SIGNED SHORTLY. AS FAR AS KALININGRAD PROJECT CONCERNED, HE SAID SEVERAL PROBLEMS REMAINED TO BE RESOLVED. ONLY SPECIFIC POINT HE MENTIONED, HOWEVER, WAS DISAGREEMENT ON COST OF ELECTRIC POWER TO BE DELIVER

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TO FRG. HE DID NOT MENTION WEST BERLIN ASPECT.  
5. KUL'YEV'S OFFICE AT GKES IS DOMINATED BY LARGE MAP OF AFRICA,  
ON WHICH THE ROUTE OF THE TAN-ZAM RAILROAD HAS BEEN MARKED IN  
HEAVY BLUE TAPE. IN VIEW OF KUL'YEV'S RESPONSIBILITIES FOR AFRICA  
WITHIN GKES (IN ADDITION TO WESTERN EUROPE AND THE U.S.),  
THE ADDITION OF THE TAN-ZAM RAILROAD PROBABLY INDICATED A REMINDER  
OF A BIG PROJECT WHICH WAS LOST BY THE GKES.  
STOESSEL